

## RMG's hot spot surrounded by challenges: a review landscape of Bangladesh ready-made garments (RMG)

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**Abstract:** There is an ancient hearsay, 'do not kill the golden goose'. The Readymade Garments (RMG) is a golden goose for Bangladesh. There was already a lot of fame and name for its legendary textile Muslim and Jamdani. But in RMG sector lately it shapes itself as second largest RMG manufacturer of the present world. Now Bangladesh experiences around 81 percent export contribution and 4 million job placement from RMG sectors. Though this sector has occupied an important place for GDP growth but some challenges surrounded of this hot spots. Infrastructure, compliance issues, suppliers & workers performance, raw materials and political challenges encompassed the RMG's landscape desperately. So this prospective sector now is in alarming position. Many buyers are cannot trust the manufacturers in term of quality, safety and shipment within agreed lead time. As a result some of buyers already replace their business plan to neighbor countries. In this circumstance this study focuses the challenges of the RMG sectors and suggestion some way to overcome these challenges. It also focused the present contribution and future prospect of RMG industries to Bangladesh. So this review and discussion could be good storm for authority to be more aware.

**Key words:** Bangladesh; Business; Economy; Policy; Ready-made garments (RMG)

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### 1. Introduction

The Readymade Garments (RMG) industries of Bangladesh has been considering as the "Golden Goose" for economic advancement. It success spectrum dominate both social and economic sectors including employment, Infrastructural and living stander of Bangladesh (Rahman, 2004; Bhuiyan, 2012). Since last couple of decades Bangladesh's economy has been developing sustainably due to advancement of RMG sector. Now Bangladesh is second largest RMG export countries of the world next after china (Nargis, 2013; Imam, 2013; Sarkar, 2014). The brand "Made in Bangladesh" has global trades mark that bringing glory and socioeconomic advancement for Bangladesh. An annual report of EPB 2015 shows that, at FY 2012-13, RMG sector along has contributed US\$ 25 billion of foreign remittance which is 81 percent of total export share and 13.5 percent of national GDP (BGMEA, 2014). At the same time, year to year advancement is shows about 20 percent and it predicted if this growth is sustained the foreign earning of this sector will be double at 2021 (Leahey, 2015; Ferdous *et al*, 2015). As like the GDP and economic advancement the employment of Bangladesh is also highly owing to RMG sector (Bhattacharya *et al*, 2002). Garments industries have initiated first to contributing the

huge women workforce to economic growth and stepped out them from their home to workplace (Rock, 2003). Nowadays 4 million workers have been working in 4222 number of Garments where around 3.2 million of them are women (US Senate, 2013; Hossain & Moon, 2014). Undoubtedly it is an amazing contribution for a developing economy where most of the people are twisting into poverty, unemployment, malnutrition and health hazard challenges.

But in-spite of having golden success and prosperity, the RMG of Bangladesh are surrounding by many social and economic challenges. Work environment and safety, compliance and benefits, suppliers' performance, substandard infrastructure, Raw materials and political challenges are most significant among enter all (Berg *et al*, 2011; Nargis, 2013; Ferdous *et al*, 2015). Mainly the challenges are becoming deadly after the intentionally ignored of work benefit by the owner and shareholder's. As a result, labor unrest, management labor conflicts, strike, layout and many others challenges is biting deadly the RMG sectors and minimizing the organizational performance and productivities (Ferdous *et al*, 2014). It is also facing threat to boost export into international market. Mainly after the deadly flamed of Tarzeen Fashion (at 2012) and Rana Plaza (at 2013), the challenges have become top most discussable issue in international business

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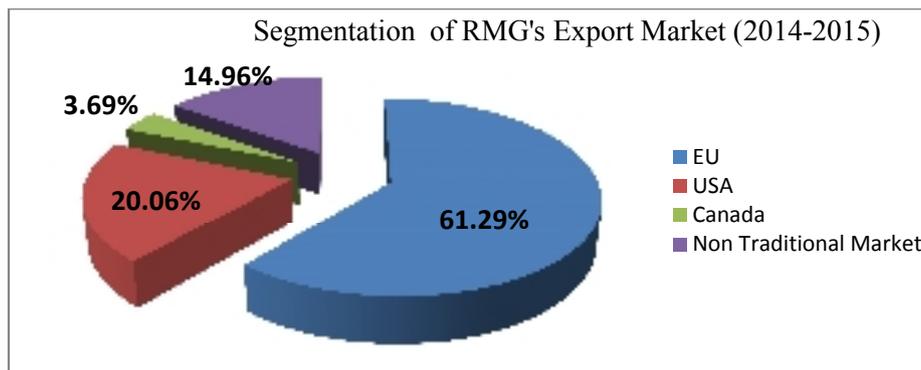
community (Imam, 2013; Ferdous *et al*, 2014). The buyer and many international agencies have started to pay their more concern on these issues and postponed Generalized Standardization Preferences (GPS) system from Bangladesh (Nargis, 2013). As a result many buyers have turned their preferences from Bangladesh to other neighbor countries. To reroute the buyer attention, very recent the government has reformed the Labor Act 2006 amended 2013 as international standard to create better work environment for all workers and secure safety, freedom, equity, and dignity (Ferdous *et al*, 2014). But due to some defects and loopholes of the labor laws, the labors are indiscriminately victimized and deprived of legal rights. In order to massage for all beneficiaries parties, this paper empirically discuss the prospect and significant challenges of RMG sectors and at the end some ways are noted to overcome the challenges.

## 2. Background of RMG in Bangladesh

From the time of British colony, the Bangladesh was famous for its conventional textile goods "Muslin" and "Jumdany". But the glory of readymade garments has begun at 1970s with six small and

three large scale factories namely Paries Garments, Reaz Garments and Jewel Garments. Though the Reaz Store established in 1960 for local production, later it has changed its product to RMG for foreign market and reformed as name Reaz Graments limited.

At FY 1977-78, Reaz garments first open the export market by exporting its first consignment of US\$ 69 thousand to USA market (Alam & Natsuda, 2013; Hossain & Moon, 2014; Sarkar, 2014). But 100 percent export oriented RMG industries the "Desh Garments Limited" has established at 1979 in Chittagong with collaboration of Daewoo Corporation of South Korea and exploit the Daweeo's brand names to enter the global market (Alam & Natsuda, 2013; Hossain & Moon, 2014). Later "Younggone Bangladesh" opened the golden door of garments industries at 1980. The "Younggone Bangladesh" was the first partnership investment in RMG (Younggone 49% and Trexim 51% share) who open the European door for Bangladesh. From the onwards, Europe is the one of major and significant market for the brand "Made in Bangladesh" (Fig.: 1).

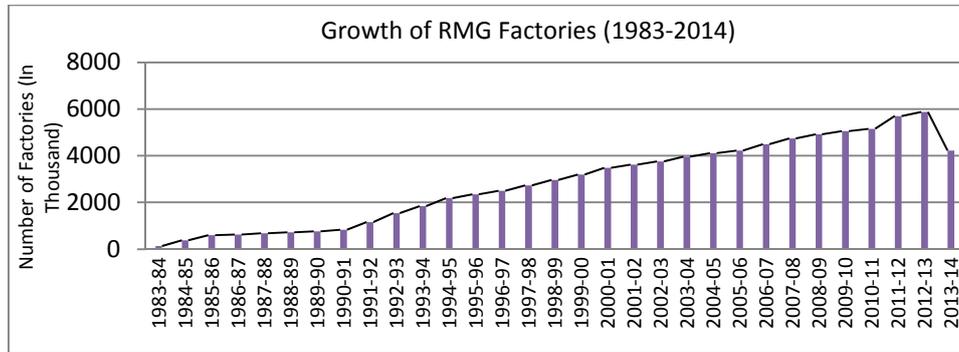


**Fig. 1:** Major export market of Bangladesh's RMG (July-Sept., FY 2014-2015)  
Source: Authors collected raw data from EPB and BGMEA (2015)

As FY 2014-15, among enter RMG market segmentation of Bangladesh, 61.26 percent export belongs with EU and 20 percent with USA market (Fig.: 1). At the same time, 15 percent export belongs with non-regular markets are- Japan, Australia, Turkey, China, Republic of Korea, Brazil, Mexico, Russia and India (Nargis, 2013; Alam & Natsuda, 2013). As for good quality and affordable price, the brand "Made in Bangladeshi" has populated into forging market and since last couple of decades this sector has gained a phenomenal enhancement because of government cooperation, dynamic entrepreneurs and hardworking workforce (Nuruzzaman & Haque, 2009).

Though the RGM has started journey with only 9 industries, this number reached to maximum 5876 at the FY 2012- 13. But some of the unexpected accounts, the growth of RMG industries slightly

slipped from 5876 to 4222 at the FY 2013-14 (Fig.: 2). The main account for this slipped has identified labor unrest, materials unavailability, improper labor management relation, rising leading time and political turmoil. Top of that, after the deadly accident of Tazrien Fashions and Rana plaza the buyers have changed their policy and restricted to the factories owner to be compliance and to solve the all unexpected issues. So small factories are failed to ensure the buyer requirement and take the suicide pill. At this circumstance, many buyers reroute their business to neighbor countries and resulting is closed down 1654 small garments factories at the present fiscal years (Ferdous *et al*, 2014; Ferdous *et al*, 2015).

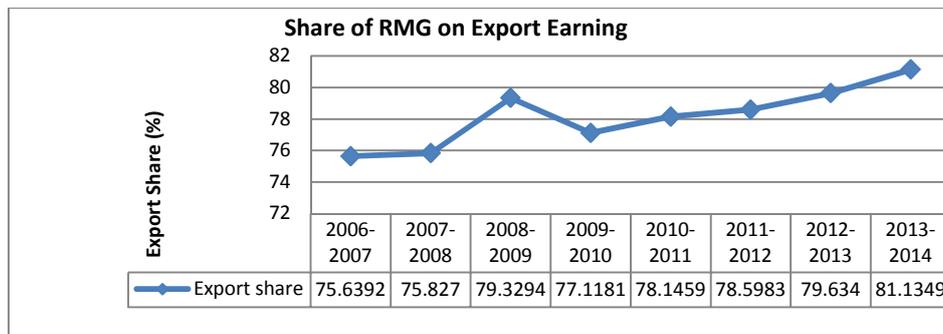


**Fig. 2:** Growth of RMG factories in Bangladesh (1983-2014)  
 Source: Raw data collected by authors from BGMEA and BKMEA

### 3. RMG's contribution to economy

Bangladesh is an export depend developing country; it has some special export items with having huge demand in foreign market. Readymade Garments, Jute & Jute made goods, Leather and Leather made items, Frozen Foods and other non-regular products are most significant in demand list

(Ferdous & Hossain, 2015). At FY 2013-14 Bangladesh has earned US\$ 30186 (million) by exporting such items in UE, USA, Canada and some other non-regular countries. But Among enter all export items RMG sector has been contributing tremendously for economic development of Bangladesh (Fig.: 3).



**Fig. 3:** Percentage of RMG's share in total export earnings (2006 -2014).  
 Source: Data from BGMRA, completed by Authors.

At the FY 2013-14, it is calculated that, among the enter export earning, RMG along contributed US\$ 24491.88 Million which is around 81 percent share of total export and just US\$ 2976 million grater from privies fiscal year (Ferdous & Hossain, 2015). The second highest RMG export earning has recorded at the FY 2012-13. At that period the export earning was US\$ 21515 million (around 79.63%) just about US\$ 2426 million better from the FY 2011-12. In the FY 2009-10, though the graph shows the percent is slightly slipped but at that period RMGs contribution was US\$ 149 million more from the privies fiscal years (FY 2008-09 US\$ 12347.77 & FY 2009-10 US\$ 12496.72 million). So it is found that, the contribution of RMG into export earning is not a detached graph for a certain period, rather it is regular and uninterrupted contribution to Bangladesh economy since year-on-year (Fig.: 3). Now it is estimated last 10 year average share percent of RMG into export earning is about 78 percent.

RMG sectors also very important part for financial growth of Bangladesh (Zaman *et al*, 2013). Mainly it is a golden goose of Bangladesh that is

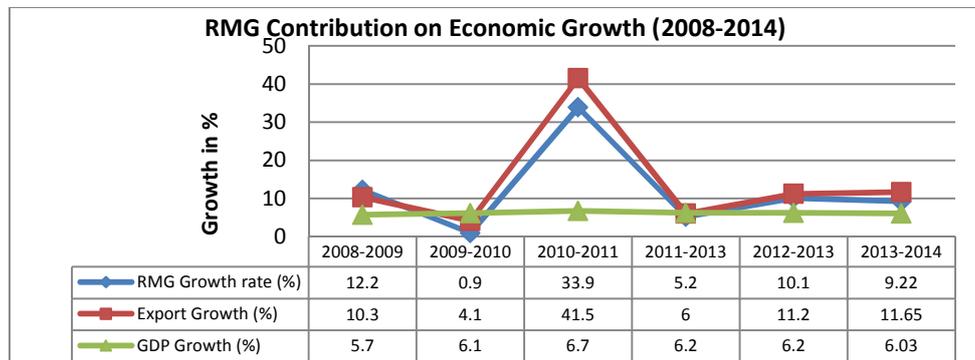
mostly contributing to economic development by export earnings. The export earning is the key driving force for GDP development. It is an economic cycle and inter-dependend components. So the change of RMG's growth is effecting to the change of export and GDP growth. The Fig. 4 shows the changes of RMG's growth and its impact into export and GDP growth of Bangladesh for the period of FY2008-14. The graph shows the minimum growth rate of RMG and export at FY 2009-10, where RMG's growth rate was 0.9 percent and export growth was 4.1 percent only. But the next year, at FY 2010-11, the growth rate shows the maximum where RMG's growth jumped to 33.9 percent from 0.9 percent and neck and neck export growth reached to 41.5 percent from 4.1 percent. This changed is because for RMG's growth (Fig.: 4).

As per economic cycle, the changed of RMG growth rushed to the changed of export growth and the export growth pushed to GDP growth. But at the next fiscal year, the RMG's growth rate went down to 5.2 percent and neck and neck the export growth and GDP growth also went down to 6 percent and 6.2 percent respectively. The downward of GDP is

account for export change and export change is account for RMG change. So it is said that RMG's growth influences the export growth and export growth influence the GDP growth. With this spectrum, the Fig. 4 shows, RMG has been

contributing irrespectively to GDP since last couple of decade.

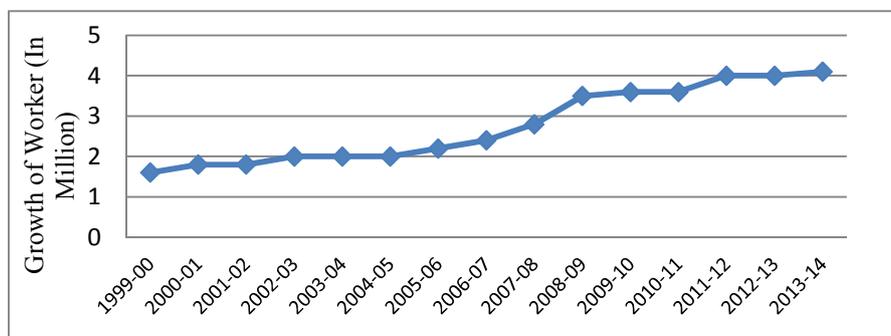
The recent record, at FY 2013-14 RMG sector along contribute around 13.5 percent shares of GDP, not very far at FY 2009-10 it was only 10.48 percent (BKMEA, 2015; Ferdous *et al*, 2015).



**Fig. 4:** RMG's contribution on economic growth  
Source: Export Promotion Bureau, by iART Team (2015)

Not only for export earnings and GDP growth, Bangladesh economy is also owing to RMG sector for women employment, to teach them to exercise their right, active the women from social seclusion, attempts by these workers to form unions, gender equality and poverty alleviation (Rock, 2003; Bhuiyan, 2012). The Fig. 5 shows the upward growth rate of employment in RMG sector for the FY 1999-00 to 2013-14. At the FY 1999-00 the RMG along has created 1.6 million job that was around 10 percent of total employment. But as for dramatic growth of this

rate, at FY 2013-14 the number is reach to around 4 million where 80 percent (3.20 million) of them are women (US Senate, 2013; Hossain & Moon, 2014). Nowadays, among enter all manufacturing employees around two-third workers belong with RMG sector and It is estimated, (including employee's family member) around 20 million people are directly depended on earn from RMG sector.



**Fig. 5:** Employment growth of RMG (1999-2014)  
Source: Data from BGMRA, completed by Authors.

Many analyses revealed that RMG sector has capacity to create more employment. It is calculated; this sector could support additional 8 million of tertiary jobs and could involve 60 percent of people to direct or indirect on the RMG or RMG related business (Yardley, 2013). It is a maximum contribution for a developing economy where unemployment is the top most challenges.

#### 4. Next hot spot of RMG'S

The Bangladesh apparel is notorious for its wicked wellbeing record (Zaman *et al*, 2013). For batter quality and brand goodwill, nowadays

Bangladesh shapes itself as second largest RMG manufacturer of the world with having 5 percent market share. The main reason for this success is identified the export quota system and low labor cost (Rock, 2003; Haider, 2007). Though the China is present dominator of the RMG world but it starting to lose its dominion on RMG sector and Bangladesh is being developing strong position as next hot spot (Berg *et al*, 2011; Rahman, 2014). A recent study shows that, China is slipping contribution around 5 percent annually due to labor crisis and rise in wages. As survey of JETRO (2014) and Ferdous *et al* (2015), shows that, the average salary of manufacturing worker in China is around US\$ 403

per month where US\$ 100 in Bangladesh, that is one-fourth cheaper to China. This survey also disclosed that Bangladesh is first investable country of the world after India, Myanmar and Sri Lanka (JETRO, 2014). For that reason, many Chinese manufacturers are focus to low labor cost countries and already started to place order to Bangladesh and some of them are shifting their business plant into Bangladesh (Ferdous *et al*, 2015). It is an opportunity for Bangladesh to open the new door. On the other hand, many EU and USA buyers are searching for "Next China" and assessed all option to secure their oncoming sourcing and preferred next stop in Bangladesh. They wish to enlarge their 20 percent sourcing share to 25 to 32 percent from Bangladesh within year 2020 (Sarkar, 2014). So Bangladesh is going to be next main hub of RMG. A survey of International Management Consulting Firm (McKinsey & Company) reviewed on prospect of Bangladesh RMG's and concluded that, Bangladesh will be number one hot spot on RMG sector within five years (Berg *et al*, 2011). Bangladesh is an advantageous destiny to buyer because of duty-free access facility, Government cooperation, materials availability and minimum labor cost (Rock, 2003). On the top of that, in term of export policy Bangladesh is privileged in world market under different agreement. US 2009, Everything but Arms (EBA), Agreement on Textile and Clothing (ATC), Tariff Relief Assistance (TEA) and Quota system agreement are attracting the buyer to Bangladesh (Rock, 2003; Hossain & Moon, 2014). But very recent, the European and USA buyers have identified the political turmoil, labor uprising, lead time and product grading as key risk in Bangladesh (Sarkar, 2014). So, to meet those challenges, nowadays the business leader and policy maker are working to keep the political environment in favor and the International Labor Organization (ILO) and human right organization are working together to improve the product and working condition of Bangladesh RMG sectors.

## 5. Literature Review

### 5.1. Threats of RMG Bangladesh

Though Bangladesh is performing a bondage favor in RMG sector, but a number of allegations have been creating obstacles to growth of brand "Made in Bangladesh". Many privies literatures have discussed the deferent challenges of RMG's from their point of view. But some of those challenges have temporary effect and some of challenges are belong with other major challenges. So this study has categorized the all challenges with five major categories these are creating long term effect on Bangladesh RMG sector. The major five challenges are- Compliance Challenges, Infrastructure Challenges, Skilled & Efficiency, Suppliers & Raw Materials challenges and Economic & Political Turmoil Challenges (Berg *et al*, 2011; Ferdous *et al*, 2015). To become the next hot spot and competitive

competitor in global market, the RMG sector needs to be cut down theses allegation immediately.

#### 5.1.1. Compliance challenge

The prospect of RMG's is not only depends on low labor cost and other facilities but also on compliance issues. The word "Compliance" is meaning some codes and conducts to confirm certain working standard in organization. In Bangladesh the compliance standard of RMG's is very poor condition. Though the policy makers of BGMEA and BKMEA sets some compliance stander like- labor welfare, standard remuneration, compensation, leave and holiday, standard working hour, pure drinking water, separate toilet facility for male and female, sufficient fire extinguisher, fire signs, emergency exit, metal glows, first aid box, eye guard, motor guard, insurance and building safety, etc. but most of the factories are ignoring these standard and commonly practicing impractical governance system, insufficient remuneration, disorganized production & controlling, disorganized team work, unhygienic environment, poor lighting system, insufficient fire extinguisher and substandard building condition, etc. (Rahman & Hossain, 2010; Lima, 2012). Furthermore, they are ignoring some fundamental right like- adequate salary and overtime, safe work place, flexible working hours, due time promotion, regular salary, medical benefit, leave facilities etc. that often lead to labor unrest (Kamal *et al*, 2010; Lima, 2012). Top of that, due to lack of safety net the deadly accident like Tazreen Fashions (at 2012) and Rana Plaza (at 2013) make the Bangladesh RMG sectors insecure in global market (Ferdous *et al*, 2014). Nowadays the compliance issues are top discussable in national and international surface. Many buyers are more concern on compliance issues. They are very definite about compliance before covenanting any order. Some of buyer associations are already declared they will never placement any order to a factory if the factory is not compliance (Ferdous *et al*, 2015). But reality is that, among enter all only 50 to 100 RMG factories of Bangladesh are achieved the compliance standard (Berg *et al*, 2011). Though the government formed new Labor Act, 2006 (amended 2013) but yet many factory owners are ignored and scraped punishment due to some of loophole of the law. So it is remain a big challenge for Bangladesh RMG sector to attract the buyer into Bangladesh as next hot spot (Ferdous *et al*, 2014). At this circumstance it is a big responsibility to the authorities to implement the compliance code and conduct to minimize the work violence, dissatisfaction, and accident.

#### 5.2.2. Infrastructure challenge

Since the classical economy, the infrastructure has been considering as key factors for business growth and economic development. Many empirical and theoretical literatures have proved that a bloodcurdling infrastructure can affect badly the

economic growths of any country. It is a single largest issue that can hamper the whole business and national economy (Ferdous & Hossain, 2015). A survey of OECD countries is found a positive effect of infrastructure on production efficiency, national and foreign investment and employment. The same impact found at nine of twelve surveys on developing countries and suggests that 1 percent of infrastructure development can raise around 1-2 percent of GDP growth (Hossain, 2014). But in order to infrastructure condition, Bangladesh is heinous position in south Asia. Undeveloped road and transportation, insufficient sea port, substandard power and energy plant are main obstacle that detachment the foreign interest. The buyers are now, more careful to select Bangladesh as next hub due to undeveloped and narrow road, finite inland transportation, limited alternative of transport, insufficient sea port and recourse and shipment lead time (Berge *et al*, 2011; Kader & Akter, 2014). But fact is that, Chittagong is the only sea port harbors of Bangladesh where almost all of RMG industries mostly Fig. on the Dhaka Chittagong highway. As result, for huge transport and traffic problem the 280 kilometers distance Dhaka to Chittagong port takes around a day long to reach (Kader & Akter, 2014). The highly unaffordable lead time is undoubtedly one of the predominant challenges for RMG's enhancement (Nuruzzaman & Haque, 2009; Kader & Akter, 2014). At this stand, the McKinsey & Company has specified the four major unexpected paradigms that are constricting the ability of Bangladesh RMG's enrichment:

*Firstly:* It is experience that, Dhaka Chittagong highway often congested as receptivity planning falls behind demand. As resulting the transport time takes on average 20 hours due to traffic jam.

*Secondly:* alternative transportation scope is very limited, though the train service from Dhaka to Chittagong is connected but the transport capacity is limit to 120 containers at a day.

*Thirdly:* Due to lack of deep sea port, Mother Vessel cannot anchorages the Chittagong port. So that, the consignment Boat on with using Singapore or Shri-lanka port. As a result the freight lead time increased around 10 days more due to lack of Deep sea facility.

*Fourthly:* The processing capacity of Chittagong port is not efficient. Especially the crane availability is not enough, top of that strikes is there very common practice that make the work delay.

But to analysis the advancement of present project, it seems rapid solution of the infrastructure issues is not possible. So to move toward the buyer attention, the government should to concern more on this sector and need to take exceptionally significant initiate to improve short lead time, faster transit, developed inland road and increase capacity of sea port (Nuruzzaman & Haque, 2009). A presumption of World Bank and Ferdous *et al*, (2015), Bangladesh should to pour around US\$ 100 billion within 2020 in order to develop that worse infrastructure.

### 5.3.3. Skilled and efficiency challenge

As for continues increasing of labor cost and labor crisis in developed countries, the buyers are rerouting their business to cheap labor countries like Bangladesh. Though the cheap labor in Bangladesh is plenty but the skill worker is a big challenge here. Among enter workforce a significant percent of them are illiterate, unskilled and untrained. The rest of the percent are not highly trained but received a basic job tanning from their workplace. It is estimated that around 25 percent of skilled worker is shortage in RMG sectors (Berg *et al*, 2011). The unskilled workforce not only found in lower level but also in mid-levels management. The lack of technical institutions, unattractive RMG's image and the insufficient tanning center has identified behind this backward linkage. Many educated young employee are not interested to work in RMG factory due to unattractive social image. As a result, the illiterate, inefficient and unskilled workforce has been rising day by day in this sector. A study of BGMEA shows, the RMG's worker efficiency in Bangladesh is 77 percent where 100 percent in China, 92 percent in India, 90 percent in Vietnam and 88 percent in Pakistan (BGMEA, 2014; Ferdous *et al*, 2015). So lack of skilled and inefficiency is becoming a high challenge for Bangladesh RMG's to meet the buyer's extensive demand. Many buyers are now dissatisfied on product efficiency and concern about Bangladesh RMG's future. Though the International Labor Organization (ILO) and Bangladesh government jointly work and established "Center of Excellence (COE)" for RMG to Implement Certified Training within the National Skills Development Framework of Bangladesh to develop the skilled workforce but still it is a big challenge for Bangladesh RMG's growth (ILO, 2014). So if Bangladesh fail to develop and involved the skilled and educated workforce into RMG sector, maybe Bangladesh will be dropped from global market.

### 5.4.4. Suppliers and raw materials challenge

Raw materials are another challenge for Bangladesh RMG sector. The production of Bangladesh RMG is mainly based on imported raw materials. The cotton, yarn, chemical and fabric are the top imported item of Bangladesh RMG's. From very resent, RMG industries overly depended on cotton and cotton related import. Now Bangladesh is the third largest cotton importer of the world who has imported 5 million bales of cotton from different countries at the year 2014 (Wexler, 2014). Though Bangladesh has some national cotton contribution but it is not enough to meet the large demand. So a huge volume of cotton, yarn and fabric have to import every year from different suppliers. As for import based production it is a risk for longer leading time. A study of McKinsey & company shows that, to import raw materials from India is increased average 15 days of total lead time and around 30 days from China (Berg *et al*, 2011). Some time it may

take more time from expectation due to unexpected change of international policy. So it is a significant barrier for RMG sector to competitive competition into global market. On the other hand, many branded buyers are very sensitive about raw materials. So any defectives of raw materials (e.g. fabrics, Yearn and assessor etc.) may cause of buyer dissatisfaction and market loss. On the top of that, since last couple of years the price of raw materials has been increasing and creating negating impact to profit growth. So the RMG manufacturer and policy maker should to take policy immediately to be self-depended of raw materials rather than import dependency.

### 5.5.5. Economic & political unrest

Political unrest is another significant challenge for Bangladesh. As for multi-party democracy, it is difficult for government to long stay and implement any long term project. Moreover, frequently *hartal* (mass strikes) by position for party interest, is the main obstruction to business that directly affected to RMG sector. Very often it is found that, the workers cannot join their workplace due to political turmoil. It is one of the main causes to shout downed the production and failed shipment within the agreed lead time. So that, the buyers are lost their trust on manufacturer to timely shipment and they are looking to replace order other where. Many European and US buyers are categorized it as most significant challenge for Bangladesh RMG sector. A study of McKinsey & Company shows that, the European and US buyer are concern for political instability of Bangladesh and planned to decreases order to Bangladesh if the political condition will not become stable (Berg *et al*, 2011). Some of buyers already start to look the next door. At this circumstance, some manufacturer are offering delay compensation or air shipment (with over freight charge) to hold the buyer back. So that, the buyer and factory owner both suffers from economical spectrum. Though the political challenge has posted in Bangladesh but recently it is very menacing level. As a result, the new investment and export growth slipped down at FY 2014-15. Now the buyers are in calm observation on Bangladesh. If the condition is not become stable, Bangladesh RMG may loss the Europe and US market. So the government and the policy maker should step out to keep the political environment to business favors.

### 6. Policy to Overcome

From the discussion it is said that Bangladesh RMG's has a huge opportunity and global market demand to be dominated the world RMG sectors. The product goodwill, cheap production cost, sufficient workforce, favorable government policy, and strong monitoring body gives this advantage to Bangladesh RMG. Now many buyers are targeting Bangladesh as a next hot spot for RMG sourcing. But the Bangladesh RMG is surrounded by many serious challenges. So it

will be a big threat for Bangladesh RMG to be next hot spot until these challenges are unsolved. So after reviewing the characteristic of these threats, this study is recommending the flowing suggestions.

- Development of the infrastructure is the first suggestion of this study. The infrastructure included with transportation, capacity of road & highway, power and energy development. The continuing supply of power and energy ensure the timing production and the transport and highway ensure the product movement within agreed time. So alternative cheap transportation, power and energy is requires improving.
- Product upgrading is very important to enhance the competition capacity. Now the RMG market is very competitive. So if the product is not upgraded as like other competitive countries then it could be chance to lass the buyer. So product upgrading is very impotent in order to enhance the competitiveness.
- To lead the global market, expand of product capacity and product diversification is must require. Only manufacturing of T-shirt and polo shirt will not enough to hold the top position for long time. So product diversification and production capacity should to be excellent.
- The market diversification is led to risk diversification. So for risk diversification the markets diversify is a precedence task for RMG's industries. And at the same time, the manufacturers need to search access facilities into new market. But before enter the new market must need to assess the product grading and manufacturing capacity to adjust the random change of buyer demand.
- Production efficiency is a most important factor of RMG sectors. The manual cutting and machine spreading minimize the factories production efficiency. So use of computerized cutting system and mordant technology can developed the production efficiency and productivity. A survey of Kader & Akter, (2014) found significant relation with productivity and technology. So to meet the quality challenges the RMG sector need to develop the technology.
- The political condition should to keep in business favorable. The hartal (mass strikes) should to inhibit or at least kept the export vehicles free from strikes restriction. And any unexecuted business policy need to remain unchanged though the government's power is change.
- The container loading and unloading facilities must need to improve in Chittagong port. A standard loading and unloading system can reduce at least 14 days of lead time. A study found that, in Chittagong port a feeder vessel takes average 7 to 10 days to turnaround while it takes 2 days in Bangkok and 1 day in Singapore (Kader & Akter, 2014). So improve of this sector is must require for any import or export business.
- The total lead time should to improve as international benchmark. At present average lead

time in Bangladesh is around 66 to 95 days. But international standard benchmarking days are 35 to 65 days. So the manufacturer should to be concern more on leading time.

- Planning efficiency is another factor that lead RMG sector to forward. All most all of manufacturing company used the four basic matrices like- man, method, machine and market. So planning is essential for better combination in between them.
- Health, security and safety are gradually vital and mandatory factors for all manufacturing company. But inappropriately in Bangladesh, safety and security guideline and involvement are tremendously underprivileged (Zaman *et al*, 2013). Nowadays the buyers are more concern on those issues. So insure of health, security and safety net is must require.
- Unattractive social image of RMG's is need to changes. Many young educated employees are not interested to work in RMG factories due to bad social statues. Employee's social dignity and involvement can deduct the bad image of RMG's. So too involved the educated personal in RMG sector unattractive image change is must require.
- Increased the self-Raw Materials production capacity is mandatory to make this sector profitable. Because the import price of raw materials has been rising rapidly. It also a major cause for long lead time that led to buyer dissatisfaction.
- Compliance issues are must require keeping at satisfactory level. So some major areas (e.g. lightening delivery and manufacturing time, follow the buyer's code and conduct, to compliance and change in product as per market demand) require to more concern for long run business. Otherwise the buyer may divert towards other supplier.

## 7. Methodology

This study is nature on descriptive research design based on secondary data source. The authors attempted to explain the features and crucial challenges of Bangladesh Readymade Garments industries. The present contribution and prospect of RMG sector has explored and examined thoroughly by this investigation. For easy understand of this finding this research avoids the rigorous exploratory complex study and explained the all spectrum as much as easy way. Through the challenges of Bangladesh RMG has identified by many different literatures but some of these challenges are temporary or belong with other major challenges. That is why; this study categorized the all challenges with five major categories and discussed the long term effect of these challenges on RMG sector. This is due to this study has employed only qualitative approach to highlight the recognized challenges of Bangladesh RMG sector and give some advocacy to meet the challenges for future needs. So with the help of this application, the RMG sector of Bangladesh will be reinvigorate and the policy

maker could take necessary stapes to meet these challenges too. The main data sources of this research are various journals and research papers, research articles, case studies, newspaper articles, international conference and seminar, business survey report, various diagnostic study reports, from professional data collector, depth research of international organization like- World Bank, IMF, EIU and local organization like- BGMEA, BKMEA, CPD, EPB.

## 8. Conclusion

Undoubtedly RMG sector is a vital player and golden goose for Bangladesh economy. Now the economy is highly owing to RMG sector for it huge contribution on Export earning, GDP growth, employment (especially women), stander leaving and socioeconomic development. It is a number one potential sector that has been contributing to GDP growth since last couple of decade. Now Bangladesh is most preferable for RMG's to international surface after the China. It is assumed that due to some exclusive advantages (e.g. law labor cost and product goodwill) Bangladesh RMG going to be next hot spot and world dominating exporter in readymade garments sector. The export advantage, also led the huge opportunity to solve the unemployment problems. It is estimated that, RMG sectors can support additional 8 million of tertiary jobs and could involve 60 percent of people to direct or indirect on the RMG or RMG related business (Yardley, 2013).

Though RMG sector has huge prospect but some threats make this sector more challenges. The Compliance Challenges, Infrastructure Challenges, Skilled & Efficiency, Suppliers & Raw Materials challenges and Economic & Political Turmoil makes a long term threat of this sector. As a result, due to fall the lead time, product quality, buyer code and conduct, safety & security, many buyers are now concern about RMG's futures and start to search the next hot spot. At this circumstance, if these problems are not solved immediately then the Bangladesh may loss the global market. So to achieve the vision 2021, development of work efficiency, ensure compliance issues, favorable political environment, infrastructure development, increase self-raw materials capacity and looking foreign investor is must require. The significant of this study will be helpful to the manufacture and authority's to identify the threats and to take proper stapes to solve these challenges of this sector's. So finally it concluded that RMG sector's has a golden prosperity to sake the better Bangladesh.

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